

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 EA-10 AID-05 CIAE-00 COME-00 EB-08  
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02  
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15  
STR-07 CEA-01 OES-09 L-03 H-01 /116 W  
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TO SECSTATE WASHDC PRIORITY 316

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E.O. 11652: N/A  
TAGS: PGOV, JA, CI  
SUBJ: U.S. - JAPAN ANNUAL CONSULTATIONS ON LATIN AMERICA

REF: STATE 212939

WHILE WE HAVE NO MAJOR ISSUE QUESTIONS TO SUGGEST  
REGARDING JAPANESE POLICIES TOWARD CHILE, THE FOLLOWING  
POINTS WOULD BE OF INTEREST TO US SHOULD THE DISCUSSIONS ON  
CHILE PROVIDE AN OPPORTUNITY FOR INQUIRY:

1. JAPANESE TRADE AND ECONOMIC INTERESTS IN CHILE  
ARE ACCELERATING. IS THIS A NORMAL GROWTH IN LINE WITH  
CHILE'S ECONOMIC RECOVERY, OR HAVE PERU'S ECONOMIC MISERIES  
CAUSED A SHIFT OF JAPANESE ATTENTION SOUTHWARD?
2. JAPANESE AUTOMOBILES HAVE DOMINATED THE CHILEAN  
IMPORT MARKET SINCE 1977, MAINLY MODELS WITH AN FOB FACTORY  
PRICE OF UNDER \$ 2,750, WHICH ARE EXEMPT FROM THE EXTRA 100 PERCENT  
LUXURY TAX. IN VIEW OF THE MASSIVE YEN REVALUATION IN THE  
PAST YEAR, IT IS POSSIBLE FOR ANY JAPANESE CAR STILL TO  
INVOICE AT THE FACTORY AT ON \$2,750? WE CANNOT AVOID  
THE SUSPICION THAT JAPANESE AUTO PRICES FOR EXPORT TO  
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CHILE ARE TAILORED TO MARKET REQUIREMENTS.

3. JAPANESE INTERESTS ARE AMONG THE CREDITORS OF THE  
BANKRUPT MINERA SAGASCA COPPER MINE CONTROLLED BY CONTINENTAL  
COPPER AND STEEL (SEE SANTIAGO 5309). SINCE THE BANKRUPTCY  
WAS NOT ALLOWED BY THE GOC AND THE MINE IS NOW BEING  
OPERATED UNDER A GOC-APPOINTED MANAGER, IS A JAPANESE MINING

COMPANY CONSIDERING TAKING OVER THE OPERATION UNDER CONTRACT,  
AS RUMORED IN THE PRESS?

4. JAPAN FINANCED AN IRON ORE PELLET PLANT IN CHILE.  
ALTHOUGH FULL DETAILS OF THE ARRANGEMENT HAVE NEVER BEEN  
ANNOUNCED, THE ENTIRE PRODUCTION IS DESTINED FOR JAPAN FOR  
THE NEXT TEN YEARS, AND THE CONTRACT STIPULATES PRICE  
RENEGOTIATION AT REGULAR PERIODS. WE WOULD BE INTERESTED  
IN ANY FURTHER DETAILS. ARE ANY OTHER SIMILAR BARTER TYPES  
OF INVESTMENTS UNDER CONSIDERATION. WE UNDERSTAND, FOR  
EXAMPLE, THAT THE JAPANESE MAY NOT PROCEED WITH THE LARGE  
INVESTMENT IN CHILE FOR A WOOD CHIP PLANT FOR EXPORT TO  
JAPAN.

5. THE JAPANESE SOLD A WHALING SHIP TO THE CHILEANS  
LAST YEAR. IS CHILE SELLING WHALING PRODUCTS TO JAPAN?  
DOES JAPAN HAVE WHALING STATIONS OR RIGHTS (OFFICIALLY  
RECOGNIZED OR TACIT) TO HARVEST WHALES ALONG THE COAST OF  
CHILE?  
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## Message Attributes

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**Channel Indicators:** n/a  
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